

MEMO FROM COUNCIL OFFICE:

To: Members of the Common Council

From: Ash Kulak, Interim Council Attorney/Administrator

Date: August 16, 2024

Re: Resolution 2024-16 – Approving the Issuance of Refunding Bonds of the City of Bloomington Redevelopment District

Synopsis

This resolution authorizes the issuance of Tax Increment Revenue Refunding Bonds by the City of Bloomington Redevelopment Commission, in a maximum principal amount of \$30,000,000, for the purpose of the refunding all of the outstanding City of Bloomington, Indiana Redevelopment District Tax Increment Revenue Bonds of 2015 to achieve net present value debt service savings due to lower interest rates.

Relevant Materials

- Resolution 2024-16
- Staff memo from Legal
- Bloomington Redevelopment Commission Resolution 24-57

Summary

Bonds are refinanced through a process called “refunding”. When a bond is refunded, the entity that issued the bonds issues new ones, using the proceeds from the new bonds (which have a lower interest rate than the outstanding bonds) to pay off the old bonds.

Generally speaking, the governing body of a taxing unit may not issue bonds unless it obtains approval from the fiscal body of the City. [I.C. 6-1.1-17-20.5](#). Here, the Bloomington Redevelopment Commission wants to refinance its 2015 bonds in order to maximize savings. Indiana Code requires approval from the legislative body of the City before a redevelopment commission can issue bonds of the special taxing district. [The Commission met on August 5, 2024](#) and approved of its bond resolution (RDC Resolution 24-57) and is now seeking Council approval.

Under [I.C. 36-7-14-25.1\(c\)](#), the legislative body must “adopt a resolution that specifies the public purpose of the bond, the use of the bond proceeds, the maximum principal amount of the bond, the term of the bond, and the maximum interest rate or rates of the bond, any provision for redemption before maturity, and any provision for the payment of capitalized interest.” The bonds must be dated and negotiable as stated in the redevelopment commission’s bond resolution. The resolution authorizing the bonds must also state the denominations of the bonds, the place or places at which they are payable, and the term of the bonds.

City staff and bond counsel will be available at the meeting to answer questions.

Contact

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